

**2006 ANNUAL REPORT**  
~~and~~  
**2007 STATE WATER PLAN**



*South Dakota*  
Board of  
Water and Natural Resources



**DEPARTMENT of ENVIRONMENT  
and NATURAL RESOURCES**

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Governor M. Michael Rounds  
and Members of the Eighty-Second  
Legislative Session

As required by state law, transmitted herewith is the 2006 Annual Report/2007 State Water Plan of the Board of Water and Natural Resources. The Annual Report describes water development and waste management activities during the past year. The State Water Plan outlines the projects on the State Water Facilities Plan and State Water Resources Management System.

Throughout this document you will see the on-going needs for water, wastewater, and solid waste projects statewide and how critical state assistance is to get these projects constructed. Over the past year, the board awarded more than \$56 million in grant and loan funds for the planning, design, and construction of municipal drinking water systems, wastewater facilities, watershed restoration, rural water systems, solid waste disposal, and recycling projects. These awards were a critical link in having environmental project activities totaling more than \$115 million going forward last year.

The Department of Environment and Natural Resources (DENR) sincerely appreciates the interest and help of all who have contributed to the success of the State Water Plan in the past. DENR will continue to work together with the Governor, the Legislature, the Board of Water and Natural Resources, local project sponsors, and the general public to make South Dakota an even better place to live.

Sincerely,

Steven M. Pirner  
Secretary

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**To  
Governor M. Michael Rounds  
and the  
Eighty-Second Session, Legislative Assembly  
2007**

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2007 STATE WATER PLAN**

**Board of Water and Natural Resources**

**January 2007**

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## APPENDICES

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  - #2006-88: State Water Resources Management System Recommendations
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# PREFACE

The purpose of this document is to fulfill the statutory requirements placed on the Board of Water and Natural Resources. These requirements are generally outlined as follows:

*SDCL 46A-2-2 To prepare and submit to the Governor and Legislature a yearly progress report on the State Water Plan*

*SDCL 46A-1-10 To make recommendations to the Governor and Legislature concerning projects for the State Water Resources Management System*

*SDCL 46A-1-14 To make an annual report on all activities during the preceding year and funding recommendations necessary to implement the water plan*

This report consists of two principal sections – the 2006 Annual Report and the 2007 State Water Plan. The annual report provides progress reports on each program and on board activities during calendar year 2006. The second section sets forth the projects included on the State Water Facilities Plan and the State Water Resources Management System. A Water and Environment Fund Special Condition Statement that projects the status of the Water and Environment Fund at the end of fiscal year 2007 is included in Appendix A. A copy of the resolutions approved by the Board of Water and Natural Resources that provide recommendations to the Governor and the Legislature on the retaining, placement, or removal of projects on the State Water Resources Management System component of the State Water Plan and on the recommended funding levels for various Water and Environment Fund, SRF Subfunds, and Environment and Natural Resources Fee Fund are included in Appendix B.

# 2006 ANNUAL REPORT

# Board of Water and Natural Resources

## Overview

South Dakota Codified Law 46A-1-14 requires an annual report of the Board of Water and Natural Resources. The report summarizes the board's 2006 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2005, the board placed 39 projects on the 2006 State Water Facilities Plan. During the year, the board amended an additional 14 projects onto the plan. This made the projects eligible for financial assistance from a variety of federal and state sources.

The board awarded nearly \$56.7 million in grant and loan funds to finance municipal drinking water systems, rural water systems, wastewater facilities, watershed restoration, solid waste disposal, recycling, and contaminated land restoration activities. These awards resulted in more than \$115.7 million in total activity. The loan and grant funds helped provide South Dakotans with safe and dependable environmental infrastructure.

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## State Water Resources Management System

On February 17, 2006, Governor Rounds signed the 2006 Omnibus Bill (House Bill 1239) which appropriated of \$3.975 million for State Water Resources Management System (SWRMS) projects.

Individual project appropriations approved as part of the 2006 Omnibus Bill are detailed in the 2006 State Water Development Legislation section on page 11. During the year, the board placed all \$3.975 million of 2006 appropriations and \$100,000 of 2005 appropriations under agreement (Table 1).

Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section. (pages 18-28)

*Table 1*

### 2006 State Water Resources Management System Funding Awards

<u>Project</u>	<u>Amount</u>	<u>Type</u>
James River Water Development District	\$ 200,000	Grant
Lewis and Clark Rural Water Supply System	2,000,000	Grant
Perkins County Rural Water System	1,750,000	Loan
Southern Black Hills Water Supply System	125,000	Grant
TOTAL	<u>\$ 4,075,000</u>	

## Consolidated Water Facilities Construction Program

The 2006 State Legislature appropriated \$3.0 million for the Consolidated Water Facilities Construction Program to provide grants and loans for water development projects on the State Water Facilities Plan. Additionally, \$522,500 of prior year funding was available for award in 2006.

The board considered 24 applications and two amendment requests and awarded 17 grants and two amendments totaling more than \$3.5 million (Table 2). The 2006 awards leveraged more than \$29.3 million in total project activities.

Table 2

### 2006 Consolidated Awards

<u>Sponsor</u>	<u>Description</u>	<u>Amount</u>	<u>Total Project</u>
Box Elder	Wastewater Treatment	\$ 400,000	\$ 3,130,200
Castlewood	Wastewater Treatment	50,000	260,150
Centerville	Wastewater Collection	500,000	1,208,000
Deuel Co. Conser. Dist. *	Deuel Co. Lakes Watersheds	37,500	75,000
Edgemont	Water Distribution – Meters	200,000	400,000
Elk Point	Water and Wastewater	50,000	860,600
Eureka	Water Meters	25,000	162,000
Fall River WUD	Water Distribution Expansion	350,000	1,773,717
Hermosa	Wastewater Treatment	160,000	320,000
Humboldt	Water Supply and Distribution	125,000	537,300
Mellette	Water and Wastewater	75,000	224,000
Mobridge	Water Distribution Expansion	25,000	111,200
Parker	Water and Wastewater	600,000	1,762,000
TM Rural Water Dist.	Water Treatment	175,000	7,827,000
Trent	Water Supply	50,000	240,000
Tri-County Water Assoc. *	Water Supply	100,000	125,000
Tripp Co. WUD	Water Distribution Expansion	350,000	4,120,000
Wagner	Water Distribution and Storage	50,000	1,025,400
WEB Water Dev. Assoc.	Water Treatment	200,000	5,200,000
	<b>TOTAL</b>	<b>\$ 3,522,500</b>	<b>\$ 29,361,567</b>

\* Grant Amendments

## Clean Water State Revolving Fund Loan Program

In 1989, the Clean Water State Revolving Fund (SRF) Loan Program began providing low-interest loans to governmental entities including municipalities, sanitary districts, and other special purpose districts. The loans are used for construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. During 2006, the board approved 11 loans totaling more than \$26.3 million (Table 3).

The base interest rates for the Clean Water SRF program are 2.5 percent for loans up to 10 years, 3.25 percent for up to 20 years, and the interim financing rate of 2.0 percent for up to 3 years. The program also has nonpoint source incentive rates of 1.5 percent for loans with a term of 10 years or less and 2.25 percent for loans with a term greater than 10 years.

Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments will be calculated for a loan at the higher base interest rate. Using the lower nonpoint source interest rate, a loan will be sized using the annual payment previously calculated. The difference in the two loan amounts will be the amount of funding available for the nonpoint source component of the project.

Table 3

### 2006 Clean Water State Revolving Fund Loan Awards

<u>Sponsor</u>	<u>Description</u>	<u>Amount</u>	<u>Interest</u>	
			<u>Rate</u>	<u>Term</u>
Burke	Wastewater Collection	\$ 155,000	3.25%	20
Castlewood	Wastewater Treatment	160,000	3.25%	20
Dell Rapids	Wastewater Collection	731,737	3.25%	20
Elk Point	Wastewater Collection	100,000	3.25%	20
Parker	Wastewater Collection and Storm Sewer	620,000	3.25%	20
Sioux Falls	Storm Sewer	10,550,000	2.50%	10
Sioux Falls	Wastewater Collection	10,323,000	2.50%	10
Tyndall	Wastewater Collection	795,000	3.25%	20
Watertown				
Series A	Storm Sewer	1,189,145	2.25%	20
Series NPS	Best Management Practices	113,985	2.25%	20
Weston Heights San. Dist.	Wastewater Treatment	638,300	3.25%	20
Winner	Wastewater Collection	925,000	3.25%	20
	TOTAL	\$ 26,301,167		

### Drinking Water State Revolving Fund Loan Program

In 1998, the Drinking Water State Revolving Fund (SRF) Loan Program began providing low-interest loans to nonprofit corporations and governmental entities including municipalities, sanitary districts, and other special districts for the construction of drinking water facilities. In 2006, 12 loans were approved totaling more than \$10.1 million (Table 4). In November 2006, the WEB Water Development Association withdrew its loan request.

The base interest rates for the Drinking Water SRF program are 2.5 percent for terms up to 10 years, 3.25 percent for up to 20 years, and the interim financing rate of 2.0 percent for up to 3 years.

Disadvantaged communities are eligible to extend the repayment period from 20 to 30 years and may receive an interest rate below the base rate. To qualify as disadvantaged, the water system's monthly residential water bill must be at least \$20 per 5,000 gallons usage for municipalities and sanitary districts or \$50 per 7,000 gallons usage for all other community water systems.

Additionally, the median household income of the community must be below the statewide median household income (MHI). Communities with a median household income less than the MHI but greater than 80 percent of the MHI are eligible for an extended 30-year term loan at the base rate of 3.25 percent interest. Communities with a household income between 60 percent and 80 percent of the MHI are eligible for an extended 30-year term

loan at 2.5 percent interest. An average household income less than 60 percent of the MHI is necessary to be eligible for an extended 30-year term loan at zero percent interest.

Table 4

### 2006 Drinking Water State Revolving Fund Loan Awards

<u>Sponsor</u>	<u>Description</u>	<u>Amount</u>	<u>Interest</u>	
			<u>Rate</u>	<u>Term</u>
Big Sioux CWS	Water Treatment and Storage	\$ 831,000	3.25%	20
Burke	Water Distribution	115,600	2.50%	30
Dell Rapids	Water Distribution	162,263	3.25%	20
Elk Point	Water Distribution	218,000	3.25%	20
Eureka	Water Meters	135,000	0%	10
Humboldt	Water Supply and Distribution	412,300	3.25%	20
Kingbrook RWS	Water Distribution	2,350,000	3.25%	20
Mobridge	Water Distribution	213,500	2.50%	30
Parker	Water Distribution	300,000	3.25%	20
Wagner	Water Distribution and Storage	750,000	0%	30
Waubay	Water Distribution	750,000	2.50%	30
WEB WDA *	Water Treatment	3,950,000	3.25%	20
TOTAL		\$ 10,187,663		

\* WEB application withdrawn in November 2006 at sponsor's request.

### State Revolving Fund Programs – Grant Assistance

In 2006, the Board of Water and Natural Resources allocated additional funds under both the Clean Water and Drinking Water state revolving fund programs for planning, technical assistance, and construction activities. The Board's 2006 intended use plans approved the use of \$1,160,000 in Clean Water and Drinking Water funds (Table 5).

Table 5

### 2006 State Revolving Fund Grant Allocations

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Water Quality Construction Grants	Clean Water SRF Admin Surcharge	\$ 300,000
Water Quality Planning Grants	Clean Water SRF Admin Surcharge	200,000
Small System Technical Assistance Grants	Drinking Water SRF Set-Aside	160,000
SRF Application Preparation and Administration	Clean Water SRF Admin Surcharge & Drinking Water SRF Admin Surcharge	300,000
Local Assistance – Wellhead Protection	Drinking Water SRF Set-Aside	200,000
TOTAL		\$ 1,160,000

**Water Quality Construction Grants:** The Board continued to provide grant assistance from Clean Water Administrative Surcharge fees for the construction of wastewater treatment, collection, or conveyance projects. With the decline in available Consolidated Program grant assistance in 2006, this additional construction grant assistance allows additional projects to be completed.

Using prior year funds, the Board continued to support the construction of Livestock Auction Market Animal Waste Management Systems in 2006. Under certain conditions, livestock

auction markets are required to control discharges from the facility and to obtain an authorization to operate under DENR's General Water Pollution Control Permit for Concentrated Animal Feeding Operations. The construction of manure management systems for auction markets is not eligible for assistance from the USDA Environmental Quality Incentive Program. Grants for the construction of a manure management system reimburse up to 75 percent of actual construction costs, with the maximum grant amount for any recipient limited to \$162,500. Grants may be provided regardless of the need for the auction market to be permitted as long as water quality improvements are undertaken.

**Water Quality Planning Grants:** The Small Community Planning Grant Program was established to encourage proactive planning by small communities and systems. Grants are available for the preparation of a wastewater or storm water engineering study or rate analysis for systems serving populations of 2,500 or less. For engineering studies, participating systems are reimbursed 80 percent of the cost, up to \$6,000, with an additional \$2,000 made available for wastewater studies that include an infiltration/inflow analysis. For wastewater utility rate analysis reviews, participating systems are reimbursed 80 percent of the cost, up to \$1,600.

**Technical Assistance Grants:** Small Community Planning Grants are also available for the preparation of a drinking water engineering study or rate analysis for systems serving populations of 2,500 or less. Participating systems are reimbursed 80 percent of the cost, up to \$6,000 for engineering studies. For drinking water utility rate analysis reviews, participating systems are reimbursed 80 percent of the cost, up to \$1,600.

The Board extended its technical assistance contract with the South Dakota Association of Rural Water Systems (Rural Water) in 2006. Rural Water provides assistance to small drinking water systems serving populations of 10,000 or less with compliance, permitting, and operational issues.

The Board continued to provide assistance to revolving fund borrowers with the preparation of applications and on-going loan administration activities. The state's six planning districts are eligible to receive up to \$7,500 per loan for application and loan administration duties.

**Local Assistance–Wellhead Protection:** The Board placed \$200,000 of Drinking Water State Revolving Fund Set-aside funding under agreement in March 2006, with the West Dakota Water Development District. The funding will be used to help characterize the impacts of decentralized wastewater treatment systems on overlying fractured or solutions-enhanced aquifers and watersheds in the Rapid City area. To complete the study, the Drinking Water Set-aside grant will be combined with funding and in-kind assistance from the project sponsor, South Dakota Geological Survey, United States Geological Survey, and city of Rapid City. The information obtained will be used to help the water development district examine wellhead protection in the Rapid City area.

During 2006, 44 clean water and 33 drinking water awards were approved obligating a total of more than \$2.8 million (Table 6).

Table 6

## 2006 State Revolving Fund Programs Grant Awards

### *Construction Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Aberdeen Livestock Sales	Auction Market Animal Waste Management	\$ 158,625
Bales Livestock (Huron)	Auction Market Animal Waste Management	162,500
Belle Fourche Livestock Exchange	Auction Market Animal Waste Management	162,500
Faith Livestock Commission Co.	Auction Market Animal Waste Management	162,500
Ft. Pierre Livestock Auction	Auction Market Animal Waste Management	162,500
Herreid Livestock Market	Auction Market Animal Waste Management	154,500
Hub City Livestock (Aberdeen)	Auction Market Animal Waste Management	154,500
Magness Livestock Market (Huron)	Auction Market Animal Waste Management	123,825
Milbank	Wastewater Treatment Improvements	300,000
Philip Livestock Market	Auction Market Animal Waste Management	160,500
Presho Livestock Auction	Auction Market Animal Waste Management	157,425
Sioux Falls Stockyards	Auction Market Animal Waste Management	11,385
St. Onge Livestock Market	Auction Market Animal Waste Management	119,100
Watertown Livestock Auction	Auction Market Animal Waste Management	159,375
TOTAL		\$ 2,149,235

### *Small Community Planning Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Armour	Drinking Water Engineering Study	\$3,800
Aurora	Wastewater Engineering Study	6,000
Big Stone City	Drinking Water Engineering Study	6,000
Brandt Lake Sanitary District	Wastewater Engineering Study	6,000
Canistota	Wastewater & Drinking Water Engineering Study	12,800
Clear Lake	Wastewater Engineering Study	6,000
Copper Oaks Water Assoc.	Drinking Water Engineering Study	5,200
Corsica	Drinking Water Engineering Study	2,000
Eastridge Acres Dev. Assoc.	Drinking Water Engineering Study	6,000
Emery	Wastewater Engineering Study	8,000
Fall River Water User District	Drinking Water Engineering Study	5,120
Frederick	Wastewater Engineering Study	8,000
Hartford	Wastewater Engineering Study	6,000
Lake City	Wastewater Engineering Study	2,400
Martin	Wastewater Engineering Study	6,000
Mission Hill	Drinking Water Engineering Study	2,960
New Underwood	Drinking Water Engineering Study	4,000
Oak Mountain Country Estates	Drinking Water Engineering Study	6,000
Pollock	Wastewater Engineering Study	4,000
Presho	Wastewater Engineering Study	8,000
TC&G Water Association	Drinking Water Engineering Study	6,000
Webster	Wastewater Engineering Study	8,000
Worthing	Wastewater and Drinking Water Rate Analysis	3,200
Viborg	Wastewater and Drinking Water Rate Analysis	3,200
TOTAL		\$134,680

### *Technical Assistance Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Total Contract</u>	<u>2006 Award</u>
Black Hills Council of Local Governments	Loan Application & Admin.	\$45,000	\$30,000
Central SD Enhancement District	Loan Application & Admin.	15,000	0
First District Assoc. of Local Governments	Loan Application & Admin.	45,000	30,000
Northeast Council of Governments	Loan Application & Admin.	90,000	52,500
Planning and Development Dist. III	Loan Application & Admin.	60,000	45,000
SD Association of Rural Water Systems	Small System Technical Assist.	330,000	125,000
South Eastern Council of Governments	Loan Application & Admin.	180,000	97,500
West Dakota Water Dev. District	Wellhead Protection	200,000	200,000
TOTAL		\$965,000	\$580,000

### **Watershed Protection – EPA Section 319 Grants**

The South Dakota Watershed Protection Program is designed to assess nonpoint water pollution sources and to reduce or eliminate their impact on water quality throughout the state. Nonpoint source refers to the polluted run-off from urban, agriculture, and forest lands. The program provides technical and financial assistance to local watershed project sponsors in the planning and management of assessment and implementation projects. Additionally, the program administers state and federal grants, monitors the effectiveness of implementation projects, and provides information and education materials.

Applications for Section 319 grants must be approved by the board prior to submission to EPA. In 2006, the board recommended that EPA award more than \$2.5 million to watershed projects (Table 7).

*Table 7*

### **2006 EPA Section 319 Grants**

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Campbell Conservation District	Spring Creek TMDL Assessment	\$ 120,000	\$ 200,000
Turner Conservation District	Turkey Ridge Creek TMDL Implementation	522,250	884,145
Belle Fourche River Watershed Partnership	Belle Fourche River TMDL Implementation	1,208,800	4,972,742
Deuel Conservation District	Deuel Co. Lakes TMDL Implementation	235,850	706,200
East Dakota WDD	Central Big Sioux River TMDL Implementation	200,100	7,775,427
Randall Resource Conservation and Development District	Lewis & Clark Watershed TMDL Implementation	300,000	590,160
TOTAL		\$ 2,587,000	\$ 15,128,674

## Solid Waste Management Program

The 2006 State Legislature appropriated \$1,000,000 for the Solid Waste Management Program (SWMP) and \$1,000,000 for Regional Landfill Assistance. These appropriations, combined with unobligated prior year funding, resulted in \$2,558,740 being available for grants and loans for recycling, waste tire, and solid waste disposal projects.

These programs are supported by three sources – a \$1.00 per ton landfill surcharge on municipal solid waste, a \$0.25 per tire vehicle registration fee, and principal and interest payments from past solid waste loan awards. A minimum of 50 percent of the SWMP funds appropriated is reserved for recycling activities.

The board awarded 10 grants and four loans totaling more than \$2.5 million (Table 8). Of these awards, five were for recycling activities and nine were for municipal solid waste or waste tire cleanup activities. These awards helped leverage more than \$4.2 million in total project activities.

Table 8

### 2006 Solid Waste Management and Regional Landfill Assistance Awards

#### Municipal Solid Waste

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Emery	Collection Vehicle		\$ 5,400	\$ 54,000
Lemmon	Transfer Station		62,500	132,062
Lemmon	Waste Tire Clean Up		12,025	24,050
Milbank	Restricted Use Site Expansion		40,500	81,078
Sioux Falls	Landfill Gas Study		16,500	33,000
Tri-County Landfill	New Disposal Cell	\$ 125,000	95,000	330,000
Vermillion *	New Cell and Closure	445,000	125,000	570,900
TOTAL		\$ 570,000	\$ 356,925	\$ 1,225,090

#### Recycling

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Dakota Alumican	Recycling Center Equipment		\$ 35,000	\$ 53,850
Madison	Recycling Center Equipment		50,000	122,600
Mueller Pallets	Wood Grinding Equipment	\$ 450,000	50,000	\$ 500,000
Sioux Falls *	Compost Pad and Drop-off Area	1,000,000		2,329,018
TOTAL		\$ 1,450,000	\$ 135,000	\$ 3,005,468

\*All Vermillion and a portion of the Sioux Falls loans from the Regional Landfill Assistance appropriation.

## Brownfields Revitalization and Economic Development Program

The 2003 South Dakota Legislature followed the federal Brownfields Act and established a state Brownfields Revitalization and Economic Development Program within DENR. The purpose of Brownfields projects is to complete environmental assessments and cleanups so that local governments can put contaminated lands back into productive beneficial use and complete projects that are necessary to revitalize local economies. The 2003 bill created two subfunds: a Brownfields revolving loan subfund and a Brownfields assessment and cleanup subfund. The Board of Water and Natural Resources approves annual work plans for both subfunds. DENR agreed to use existing staff to administer this new program.

While DENR has made application for federal funding, the U.S. Environmental Protection Agency has not awarded South Dakota any federal funds for the Brownfields revolving loan subfund. Therefore, there has been no activity in this subfund. DENR again made application for federal funding in November 2006.

DENR has used both federal Brownfields grants and federal Leaking Underground Storage Tank Trust Funds to complete environmental assessments and cleanups of Brownfields projects statewide. Brownfields projects are nominated by local project sponsors and approved by the Board of Water and Natural Resources. Table 9 contains a list of all the Brownfields projects that were approved by the board in 2006. The Brownfields process is an extremely useful tool to help assess and clean up contaminated lands statewide and move economic development projects forward that are a high local priority.

Table 9

### 2006 Brownfields Assessment and Cleanup Projects

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Clean Up</u>	<u>Amount*</u>
Belle Fourche Dev. Corp.	Bushfield Property, Belle Fourche	Assessment	Commercial	\$ 200,000
Brenkev Company	Frankman Property, Sioux Falls	Assessment	Commercial	200,000
Betz Blinds	Pro Tune Up Property, Sioux Falls	Assessment & Cleanup	Commercial	400,000
City of Gary	Former School for the Blind, Gary	Assessment & Cleanup	Commercial	400,000
Wagner	Wagner Street and City Project, Wagner	Assessment & Cleanup	Commercial	150,000
Phillips Redevelopment LLC	Main Avenue to 5 <sup>th</sup> Street and Phillips Avenue to 4 <sup>th</sup> Street, Sioux Falls	Assessment	Residential/Commercial	200,000
Jefferson	Former Garvis/Bosse Oil sites, Jefferson	Assessment & Cleanup	Commercial	200,000
Pierre	City Well VOC Impact, Pierre	Assessment & Cleanup	Commercial	400,000
Onida	Former MCTM Station, Onida	Cleanup	Commercial	50,000
Sioux Falls	Former Bill's Apco, Sioux Falls	Assessment & Cleanup	Commercial	260,000

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Clean Up</u>	<u>Amount*</u>
Union County	Bosse Oil Bulk Site, Elk Point	Assessment & Cleanup	Commercial	300,000
Pierre	Former Husky Oil Site, Pierre	Assessment & Cleanup	Commercial	200,000
Watertown Dev. Corp.	Former Coal Gas Site, Watertown	Assessment & Cleanup	Commercial	400,000
Highmore	Former Hoffman/Street Site, Highmore	Assessment	Commercial	20,000
Madison	Former Jim's Machine Shop, Madison	Assessment & Cleanup	Commercial	200,000
Redfield	Four J's Site, Redfield	Assessment & Cleanup	Commercial	200,000
Huron	Former Bales Bulk Site, Huron	Assessment & Cleanup	Commercial	140,000
Yankton	Former Jensen Salvage Yard, Yankton	Assessment	Commercial/ Open Space	200,000
Huron	Oxandaburu Property, Huron	Assessment	Commercial	200,000
Highmore	Former Straight's Corner, Highmore	Assessment & Cleanup	Commercial	100,000
Rapid City	Main Avenue Street Project, Rapid City	Assessment & Cleanup	Commercial	200,000
<b>TOTAL</b>				<b>\$ 4,620,000</b>

\*Projects are limited by federal law to \$200,000 for Assessment and \$200,000 for Clean Up.

## 2006 State Water Development Legislation

On February 17, 2006, Governor Rounds signed House Bill 1239, the Omnibus Water Funding Bill. The 2006 Omnibus Bill contained the following appropriations:

### Appropriations from the Water and Environment Fund

- Consolidated Water Facilities Construction Program – \$3,000,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects;
- Lewis and Clark Rural Water System – \$2,000,000 grant to provide nonfederal cost share for planning, engineering design, preconstruction, and construction of the regional water supply system;
- Perkins County Rural Water System – \$1,750,000 loan to provide nonfederal cost share for planning, engineering design, preconstruction, and construction of the regional water supply system;
- James River Restoration Activities – \$100,000 grant to provide nonfederal cost share for a feasibility phase study and environmental impact statement covering activities along the James River;

- Southern Black Hills Water System - \$125,000 grant to local project sponsors to be used for the development, evaluation, and review of water management studies related to the development of regional water supply systems in or near the Black Hills of South Dakota;
- Solid Waste Management Program – \$1,000,000 to provide grant or low interest loans for recycling, solid waste disposal, or waste tire projects; and
- Regional Landfill Assistance - \$1,000,000 to provide grants or low interest loans for the construction, enlargement, or upgrading of regional landfills.

### **Appropriations from WEF Subfunds and Other Sources**

- Section 9 of the bill appropriated \$100,000 from the Environment and Natural Resources Fee Fund to the department for the determination of Total Maximum Daily Load (TMDL) limits on selected South Dakota water bodies;
- Sections 10 and 11 of the bill appropriated \$650,000 from the Clean Water State Revolving Fund Program subfund for the purpose of providing water quality and technical assistance grants;
- Sections 12 and 13 appropriated \$310,000 from the Drinking Water State Revolving Fund Program subfund for technical assistance grants; and
- Section 14 appropriated \$200,000 from the Drinking Water State Revolving Fund Program Set-Aside Program for the purpose of providing a wellhead protection grant.

# 2007 STATE WATER PLAN

# 2007 State Water Plan

## Overview

The 1972 State Legislature established the State Water Plan to ensure the optimum overall benefits of the state's water resources for the general health, welfare, safety, and economic well-being of the people of South Dakota through the conservation, development, management, and use of those resources. The Legislature placed the responsibility for this plan with the Board of Water and Natural Resources.

The State Water Plan, as established in SDCL 46A-1-2, consists of two components – the State Water Facilities Plan and the State Water Resources Management System. To be considered for the State Water Facilities Plan, projects must meet criteria established by the board. These eligibility criteria are used as guidelines for the board, the department, and the water development districts when considering a project for inclusion on the State Water Facilities Plan. Addition to or deletion from the State Water Resources Management System can only be accomplished by the State Legislature.

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## State Water Facilities Plan

The State Water Facilities Plan (Facilities Plan) is a list of potential water projects. The Facilities Plan includes projects such as rural, municipal, and industrial water supply, wastewater facilities, storm sewers, groundwater protection, and watershed restoration. The board is responsible for approving the placement of projects on the Facilities Plan. Projects on the Facilities Plan are eligible to seek state and federal financial assistance. The board can provide direct assistance to projects on the plan and placement on the plan may influence federal and other state agency funding decisions.

In November 2006, the board received 46 applications requesting placement on the Facilities Plan. The board placed 40 of the projects on the plan, bringing the total number of projects on the 2007 State Water Facilities Plan to 76 (Table 10). The 40 projects placed on the plan in November will remain on the Facilities Plan through 2008. Projects that have received full or partial funding from the board, but that have not been on the plan longer than two years, are not included in Table 10. These projects technically remain on the Facilities Plan until its scheduled termination date so supplementary funding requests may be considered by funding agencies.

Additional projects may be placed on the Facilities Plan during the year. Projects placed on the Facilities Plan through the amendment process remain on the plan for the balance of the calendar year and the following year. Once a project is removed from the Facilities Plan, the project sponsor must submit a new state water plan application to be eligible to seek assistance.

Table 10

**2007 STATE WATER FACILITIES PLAN**

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan</u>	<u>Proposed Funding Source*</u>			<u>Total Project</u>
		<u>Through</u>	<u>CWFCP</u>	<u>CWSRF</u>	<u>DWSRF</u>	
BDM Rural Water	Hecla Area/Internal Expansion	2008	325,000			7,490,000
Black Hawk WUD	Water Storage and Distribution	2007	500,000		1,416,660	1,916,660
Bon Homme-Yankton Water	Raw Water Intake	2007	1,000,000			8,945,000
Bon Homme-Yankton Water	Southern Bon Homme Co. Expansion	2007	500,000			4,410,000
Box Elder	Water Supply and Storage Improvements	2007	500,000		3,299,000	10,474,500
Box Elder	Wastewater Treatment	2008	400,000			3,130,200
Britton	Residential Development	2008	134,625			480,000
Brookings	Water and Wastewater Improvements	2007	200,000			1,398,780
Canova	Wastewater Treatment	2007	183,454	61,151		244,605
Chamberlain	Dredging in American Creek	2008	50,000			400,000
Corsica	Water and Wastewater Improvements	2008	300,000			2,684,625
Crooks	Wastewater Treatment	2008	300,000	255,000		615,000
Dell Rapids	Wastewater Lift Station	2008	400,000	716,000		1,216,000
Dell Rapids	Storm Drainage Improvements	2008	200,000	835,000		1,135,000
Deuel County Cons. Dist.	Clear Lake Watershed Restoration	2007	15,000			100,000
Elk Point	Water and Wastewater Improvements	2008	225,000			447,000
Enemy Swim San. Dist.	Wastewater Collection and Treatment	2007	600,000			3,900,000
Fall River WUD	Internal Water System Expansion	2008	300,000		400,000	1,692,830
Freeman	Storm Water Improvements	2008		576,000		1,261,000
Ft. Pierre	Storm Water Drainage	2008		375,620		1,124,620
Geddes	Wastewater Improvements	2008	100,000			950,900
Green Valley San. Dist.	Water System Construction	2007	700,000			3,752,639
Gregory	Wastewater Improvements	2008	100,000	257,000		557,000
Hanson Rural Water	Water Supply	2008	300,000			3,435,800
Harrold	Storm Drainage	2008	238,212			388,212
Hartford	Wastewater and Storm Water	2007		496,674		696,674
Hartford	Water and Wastewater Improvements	2008	350,000			1,092,319
Hermosa	Water Distribution & Supply Improvements	2007	300,000			600,000
Hermosa	Wastewater Collection and Treatment	2007	320,000			646,795
Highmore	Wastewater and Storm Water	2007	100,000	690,250		1,214,383
Hill City	Wastewater Treatment	2007				4,700,000
Humboldt	Water Supply and Distribution Improvements	2007	322,000		215,300	537,300
Humboldt	Wastewater Treatment and Collection	2008		127,000		127,000
Kingbrook RWS	Water Storage and Distribution System	2007	500,000		3,500,000	5,150,000
Kingbrook RWS	Winfred Water System	2007	50,000		58,000	108,000
Lake Poinsett San. Dist	Wastewater Collection and Treatment Phase	2007	200,000	590,000		1,100,000
Lead	Water and Wastewater Improvements	2008	626,000	126,000		2,526,003
Lesterville	Water Tower Repair	2008	20,000			37,682
Longview San. Dist.	Water Rights Acquisition	2008	15,000			20,000
Longview San. Dist.	Water Distribution Construction	2008	500,000		640,000	3,695,000
Madison	Wastewater Treatment	2008	500,000	4,530,000		6,030,000
Mellette	Water and Wastewater Improvements	2007	100,000		109,000	209,000
New Effington	Wastewater Treatment and Collection	2008	250,000			917,000
Parker	Water and Wastewater Improvements	2007	900,000	1,233,738	1,446,484	3,580,222
Pine Cliff Park & Maintenance	Water Distribution	2008	413,993			827,986
Presho	Wastewater Improvements	2008	100,000	309,440		331,780
Provo Township	Water System Rehabilitation	2008	200,000			331,780
Rapid Valley San. Dist.	Water Treatment, Storage, and Distribution	2007	300,000		2,584,460	4,984,460
Redfield	Southwest Sanitary Sewer	2008		458,000		458,000
Redfield	Water and Wastewater Improvements	2008	50,000		342,755	1,214,590
Salem	Water Treatment Plant	2007	2,072,700			2,072,700
Selby	Water Distribution Improvements	2007	329,000			1,316,000
Sioux Falls	Water and Wastewater Improvements	2007		11,753,470	10,255,400	22,008,870
South Lincoln RWS	Water System Improvements	2007	300,000	500,000		1,425,000
Spearfish	Wastewater Treatment	2008	700,000	5,163,000		6,669,000
Springfield	Water and Wastewater Improvements	2007	75,000			678,000
Stagebarn San. Dist.	Water Regionalization Project	2007	346,700			567,700
Tea	Water and Wastewater Improvements	2007	150,000	795,585	165,041	1,449,716
Tripp Co. WUD	Water System Expansion	2007	300,000			2,332,710
Tyndall	Main Street Water Improvements	2007				710,400
Tyndall	Wastewater Collection	2008	1,000,000			8,144,829
Tyndall	Storm Sewer Replacement	2008	50,000	500,000		818,800

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Proposed Funding Source*</u>			<u>Total Project</u>
			<u>CWFCP</u>	<u>CWSRF</u>	<u>DWSRF</u>	
Viewfield Water Assoc.	Rural Water System Construction	2008	600,000			1,600,000
Wagner	Water and Wastewater Improvements	2008	60,000	230,000		584,000
Watertown	Storm Sewer Improvements	2007		1,267,341		1,267,341
Waubay	Water and Wastewater Improvements	2007	400,000		728,000	2,678,000
WEB Water Development Inc.	Water System Pump Station	2007	250,000			950,000
WEB Water Development Inc.	Water System Expansion	2007	250,000			1,250,000
Weston Heights	Wastewater Treatment	2008		938,300		938,300
Whitewood	Water Supply, Storage, and Treatment	2008				1,941,000
Winner	Wastewater System Improvements	2007	300,000	1,400,000		2,433,715
Wolsey	Water Distribution	2008	125,000		251,600	685,600
Woonsocket	Wastewater Treatment Improvements	2007	139,200	92,810		232,010
Woonsocket	Water System Improvements	2008	100,000		390,000	497,343
Worthing	Water and Wastewater Improvements	2008		1,300,767		1,300,767
Yankton	Water System Improvements	2008			4,704,600	5,204,600
<b>TOTALS</b>			<b>\$21,235,884</b>	<b>\$35,578,146</b>	<b>\$30,506,300</b>	<b>\$173,042,746</b>

\* CWFCP - Consolidated Water Facilities Construction Program  
CWSRF - Clean Water State Revolving Fund Loan Program  
DWSRF - Drinking Water State Revolving Fund Loan Program

## State Water Resources Management System

The State Water Resources Management System (SWRMS) identifies large, costly water projects that require specific state or federal authorization and financing. These projects are placed on the list when recommended by the board and approved by the Governor and the Legislature. The SWRMS list (Table 11) serves as the preferred priority list to optimize water resources management in the state. Once a project is placed on the SWRMS list, it remains on until removed by legislative action.

At its November 2006 meeting, the board recommended that all the projects currently on the SWRMS list be retained. The current SWRMS list is shown below:

*Table 11*

### STATE WATER RESOURCES MANAGEMENT SYSTEM PROJECTS

<u>Project</u>	<u>Description</u>
Big Sioux Flood Control Study	Watertown Flood Control
Black Hills Hydrology & Water Management Study	Black Hills Water Resources
CENDAK Irrigation Project	Irrigation Project - Central SD
Gregory County Pumped Storage Site	Multi-Purpose Water Utilization
James River Improvement Program	Watershed Improvements
Lake Andes-Wagner/Marty II Irrigation Unit	Irrigation - Charles Mix County
Lewis & Clark Rural Water System	Bulk Water System - Southeastern SD
Mni Wiconi Rural Water System	Rural Water System - Western SD
Perkins County Rural Water System	Rural Water System - Northwest SD
Sioux Falls Flood Control Project	Increased Flood Protection
Slip-Up Creek	Proposed Reservoir near Sioux Falls
Southern Black Hills Water System	Rural Water System - Southern Hills
Vermillion Basin Flood Control Project	Flood Control on Vermillion River

### SWRMS Project Status

A brief summary of each project and its status is presented on the following pages. The year in the title indicates when the project was placed on the State Water Resources Management System.

## **Big Sioux Flood Control Study (Watertown & Vicinity) – 1989**

- The Corps of Engineers completed a reconnaissance report titled “Flood Control for Watertown and Vicinity.” The study concluded the best alternative for flood protection for Watertown, Lake Kampeska, and Pelican Lake is a \$16 million dry dam on the Big Sioux River at the Mahoney Creek site.
- The Corps of Engineers, in cooperation with Watertown, East Dakota Water Development District, Codington County, Lake Kampeska Water Project District, and the Department of Environment and Natural Resources, initiated a feasibility study in 1988. State appropriations of \$150,000 were provided to help meet the nonfederal cost share.
- The final draft feasibility report was distributed in June 1994 for public review and comment. A public hearing in July 1994 in Watertown presented findings of the report and gathered comments. City and county elections were held and residents voted against further local participation in the project.
- The project regained momentum after severe spring flooding in 1997 forced 5,000 residents from their homes. The Watertown City Council scheduled an election in February 1998, calling for a citywide vote on the proposed Mahoney Creek Dam. The record turnout of voters again rejected the proposed dam.
- In June 2001, the residents of Watertown called for a citywide vote on the proposed Mahoney Creek Dam project. The voters approved the project. City officials are proceeding with updating the original Corps of Engineers feasibility study and obtaining support and financing for the project.
- After the affirmative vote, Watertown began negotiations with the Corps of Engineers to complete a General Re-evaluation Report of the city’s flood control alternatives. Negotiations continued in 2003, and the scope of work to be reviewed by the report continued to be evaluated. Cost of the re-evaluation report is estimated at \$2.8 million.
- In 2003, Watertown returned \$450,000 of state funds appropriated in 2003 for local participation during the General Re-evaluation process. Because of cost share and scope of work issues, Watertown decided to step back from participation in the re-evaluation and turned over all work to the Corps of Engineers.
- The Corps of Engineers continues to develop the plan and identify tasks necessary to complete the General Re-evaluation Study.

## **Black Hills Hydrology and Water Management Study – 1982**

- The hydrology study compiled water resource data to assess the quantity, quality, and distribution of surface and ground water resources in the Black Hills area. These resources have been stressed by increasing population, periodic drought, and developments related to expansion of mineral, timber, agricultural, recreational, municipal and urban needs. The U.S. Geological Survey provided \$3.4 million from

Federal Fiscal Years 1988 through 2001 to establish the hydrologic monitoring system, collect the data, and complete data analysis.

- The hydrology study entered Phase II in Federal Fiscal Year 1997 and was completed in 2002. The study emphasis during Phase I was data collection. The emphasis shifted to analytical activities and publication of maps and reports during Phase II.
- The hydrology study produced 31 technical reports including a lay reader summary, a comprehensive report on the hydrology of the Black Hills area, and a comprehensive lay reader atlas of water resources in the Black Hills area.
- The water management study provides local interests with the tools needed to assist in making informed management decisions about development of water resources. Data gathered during the hydrology study was used in the water management study. Congress appropriated funds in Federal Fiscal Year 1991 to initiate the Federal Black Hills Water Management Study by the Bureau of Reclamation.
- The Black Hills Water Management Study was completed in Federal Fiscal Year 2003. The study focused on needs assessment, management alternatives, and a final report.
- The 2004 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Fall River Water User District sponsored a regional water supply study for an area that included all of Custer and portions of Fall River and southern Pennington counties.
- The 2005 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Southern Black Hills Water System Inc., a nonprofit corporation, was formed to continue the feasibility study of a regional water system in Custer, Fall River, and southern Pennington counties. The Southern Black Hills Water System requested additional funds to continue activities begun by the Fall River Water User District. In June 2005, the Board awarded \$50,000 for these activities.
- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to its list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun by the Fall River Water User District.

### **CENDAK Irrigation Project – 1982**

- This proposed irrigation project would supply Missouri River water to 474,000 acres in Hughes, Hyde, Hand, Spink, Beadle, and Faulk Counties in central South Dakota. South Dakota will pursue development of the project when federal policies are more supportive of large-scale irrigation projects. No activity occurred on the project in 2006.

## **Gregory County Pumped Storage Project - 1981**

- Hydroelectric Component – The Gregory County Pumped Storage Project is a peak generation hydroelectric facility in northern Gregory County. In 1988, the Federal Energy Regulatory Commission (FERC) issued a preliminary permit for development of the project. The state's preliminary permit expired August 1991.
- Water Supply Component – The project has the potential to provide water for irrigation and municipal, rural, and industrial purposes using the hydroelectric project's upper bay as a water supply source. The Bureau of Reclamation completed a *Special Report on the Gregory Unit of the Pick-Sloan Missouri Basin Program, South Dakota* in 1992.
- The Water Resources Development Act of 1986 (Public Law 99-662) authorized the construction of a \$1.3 billion hydroelectric pumped storage facility by the Corps of Engineers. The Act also authorized up to \$100 million for construction of the associated Gregory Unit of the Pick-Sloan Missouri Basin Program.
- On June 20, 2001, Dakota Pumped Storage, LLC, a Minnesota corporation, filed a FERC Preliminary Permit application for a pumped storage hydroelectric facility in Gregory County. On September 25, 2001, South Dakota filed a Motion to Intervene and a Notice of Intent to File Competing Application for Preliminary Permit by the State of South Dakota. An Application for Preliminary Permit for the Gregory County Pumped Storage Hydroelectric Facility in Gregory County, South Dakota was filed with FERC by the South Dakota Conservancy District on October 12, 2001.
- The FERC issued a 3-year Preliminary Permit to the South Dakota Conservancy District on August 12, 2002. FERC denied the application by Dakota Pumped Storage, LLC.
- The 2002 Omnibus Bill appropriated \$100,000 to the South Dakota Department of Environment and Natural Resources to complete preliminary permit and full permit application to FERC. The department solicited Requests for Proposals from firms interested in providing the research to support the FERC permit. Four proposals were received. Black & Veatch was selected.
- The 2004 Black & Veatch study determined it did not appear to be cost effective to pursue the pumped storage project at this time. These findings were presented to the Board of Water and Natural Resources in June 2004. The FERC permit expired in 2005. No activity occurred on the project in 2006.

## **James River Improvement Program – 1984**

- The Water Resources Development Act of 1986 (Public Law 99-662) authorized \$20 million for flood control and stream flow improvements. A draft Environmental Impact Statement (EIS) was completed in 1987.
- The James River Water Development District (James River WDD) completed several improvement projects to include: channel cleanout of trees and other debris, tributary

drainage control through tree plantings, the repair of small dams and bank stabilization, and other watershed improvements.

- The 1992 State Legislature authorized the James River Improvement Program and made a state cost share commitment of \$2.5 million. State legislative appropriations to the district totaled \$1,760,000 from 1988 through 2002 for restoration and study activities.
- In 1997, as a result of the severe spring flooding, a \$5 million federal appropriation was approved through the Corps of Engineers budget in the 1997 Disaster Relief Bill. The James River WDD utilized these funds to remove dead timber and debris under a plan approved by the Corps of Engineers.
- In 1998, the James River WDD selected 11 bridge sites for debris removal. In March 2000, the debris removal project was completed eight months ahead of schedule and removed more debris than originally estimated.
- The James River WDD identified 35 sites along the river in Spink County that needed bank stabilization and channel restoration. After consultation and review with the Corps of Engineers, the James River WDD agreed to monitor three sites where channel restoration/debris removal was accomplished and three control sites where no work was completed. The objective was to contrast and compare these sites over a three-year period to provide a basis to determine if additional channel restoration/debris removal was feasible.
- The Corps of Engineers in 2002, informed the James River WDD that an EIS addressing the cumulative effects of work being completed in the watershed must be completed before additional work could be approved. The EIS was anticipated to take two years to complete if sufficient federal funding was secured. The James River WDD is working with the South Dakota congressional delegation to secure the federal funding.
- The James River WDD agreed to provide the required 50 percent nonfederal cost share to complete the EIS. Since 2002, the James River WDD has continued to work with the Corps of Engineers on the completion of the EIS. James River WDD has completed the aerial photography and river topographic survey required by the EIS. The James River WDD has also provided additional data and general information about the river and related issues and continues to be ahead of the COE on its required cost share. The EIS is now estimated to be completed in 2008 at a cost of \$4.0 million.

### **Lake Andes-Wagner/Marty II Irrigation Unit – 1975**

- The 45,000-acre Lake Andes-Wagner Irrigation project and 3,000-acre Marty II Irrigation project are federally authorized Pick-Sloan Missouri Basin Units in Charles Mix County (Public Law 102-575). Estimated construction costs are \$175 million and \$24 million, respectively.

- In 1990, a plan of study was developed for a 5,000-acre research demonstration program to determine best management practices for irrigating glacial till soils containing selenium.
- The 1992 State Legislature authorized the construction of the Lake Andes-Wagner/Marty II project and provided a state loan cost share commitment of \$7 million. Both the state and federal project authorizations are contingent upon the successful completion of the 5,000-acre research demonstration program.
- In 1995, Congress approved \$250,000 for the research program. State and federal agencies revised the 1990 plan of study to re-scope the demonstration program and identify the specific issues and research components that are of national significance. A nine-year, \$11.3 million effort was projected.
- In 1999, the Bureau of Reclamation (BoR) received \$150,000 to prepare an environmental assessment for the demonstration program.
- The BoR completed the environmental assessment and issued a Finding of No Significant Impact for the demonstration program in 2000. Significant federal funding must be secured before the demonstration program can proceed.
- Since 2002, \$15,000 appropriated in 2002 and \$23,000 of the \$50,000 appropriated in 2003 have been placed under agreement by the Board of Water and Natural Resources. The Lake Andes-Wagner Irrigation district continued to seek federal funding for the demonstration program. No significant activity occurred on the project in 2006.

### **Lewis and Clark Rural Water System - 1989**

- The proposed Lewis and Clark Rural Water System will be a bulk delivery system providing treated Missouri River water to communities and existing rural water systems in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. South Dakota membership includes eight communities and three rural water systems. Approximately 155,000 South Dakotans will receive water from Lewis and Clark.
- President Clinton signed Public Law 106-246 on July 13, 2000, authorizing the federal construction of the Lewis and Clark Rural Water System. The federal legislation also approved a federal appropriation of \$600,000 to continue project engineering and begin construction. The Board of Water and Natural Resources placed \$200,000 of state funding under agreement in 2000 to assist with these same project activities.
- Iowa and Minnesota sponsors provided funding support for project development in proportion to their service capacity needs. Iowa and Minnesota state legislatures authorized the project for construction and completed their cost share commitments.
- South Dakota Legislature authorized Lewis and Clark's South Dakota project features (\$200 million) in 1993. In 2002, the state cost share commitment of \$18,585,540 in 1993 dollars was established for the Lewis and Clark Rural Water System.

- The 2002 Omnibus Bill appropriated \$750,000 for the project. These funds, combined with federal and other local sources, completed the federal environmental review, the Final Engineering Report and initiated construction. Lewis and Clark Rural Water System's Final Engineering Report completed its initial required 90-day congressional review on September 8, 2002. The federal Office of Management and Budget (OMB) determined that Lewis and Clark could not submit its Final Engineering Report to Congress until OMB had approved it. Lewis and Clark worked with OMB to get its Final Engineering Report approved and resubmitted to Congress. Lewis and Clark held its formal groundbreaking on August 21, 2003.
- Lewis & Clark agreed in 2005 to provide Sioux Falls an additional 17 million gallons of water per day, bringing the total delivered capacity to 27 million gallons per day. Sioux Falls will finance the cost of the additional capacity.
- Through state fiscal year 2007 (June 30, 2007), South Dakota Legislature has appropriated and the Board of Water and Natural Resources has placed under agreement \$10.67 million toward South Dakota's cost share commitment.
- Lewis and Clark previously completed the drilling of two test/production wells and in 2006, accepted bids and completed five additional wells in the Vermillion area. The raw water pipeline from the well fields to the water treatment plant site is nearly complete. Approximately 16.5 miles of treated water pipeline are essentially complete and run along the west side of Sioux Falls to a point four miles south of Tea. Lewis and Clark has accepted bids on additional treated water pipelines which will extend the main transmission pipeline south to South Dakota Highway 46 west of Beresford and north along the west side of Sioux Falls to just south of Interstate 90. If adequate federal, state, and local sponsor funding can be secured in calendar year 2007, Lewis & Clark anticipates bidding the treated water pipeline on the south side of Sioux Falls (capable of providing temporary service to Tea and Harrisburg) as well as treated water pipelines south of SD Highway 46 towards the water treatment plant, an emergency pipeline from Sioux City to Hull, Iowa, and the water treatment plant. Total construction awards in 2007, may exceed \$100 million.

### **Mni Wiconi Rural Water System – 1989**

- Public Law 100-516, as amended in 1994, authorized a \$263 million federal project to provide high quality Missouri River water to 50,000 western South Dakota citizens in a 10-county area extending south and west of Fort Pierre through the Pine Ridge Indian Reservation.
- The Oglala Water Supply System component encompasses the distribution facilities on the Pine Ridge Indian Reservation and the off-reservation core system facilities including the Missouri River intake and water treatment plant. The Rosebud and Lower Brule components include the delivery and distribution facilities associated with service to their respective reservations. About \$200 million of the project costs are allocated to the tribal systems as non-reimbursable federal costs. Operation and maintenance for the tribal systems are a federal trust responsibility.

- West River/Lyman-Jones Rural Water System, Inc. (WR/LJ) is the non-Indian distribution component. The cost share for construction is 80 percent federal and 20 percent nonfederal. WR/LJ is responsible for its operation and maintenance costs.
- The 1992 State Legislature authorized the construction of the Mni Wiconi project. In 1995, the state authorization was amended to reflect the \$263 million project and a state cost share commitment of \$12.9 million.
- WR/LJ initiated construction of advanced features in 1993. These features were distribution systems that had access to interim ground water supplies. In June 1993, the Oglala Sioux Water Supply System also initiated construction of advanced features in the White Clay and Wakpamni districts of the Pine Ridge Reservation.
- In July 1996, the Oglala Sioux Water Supply System, along with WR/LJ, Rosebud, and Lower Brule rural water systems, held Mni Wiconi core facilities groundbreaking ceremonies at Echo Point near Ft. Pierre.
- In 1997, the Oglala Sioux Water Supply System awarded a \$16.4 million contract for the construction of the water treatment plant near Ft. Pierre. Construction activities began in 1997 and were completed in 2002.
- In 2001, the state appropriated a \$1.7 million loan for continued construction of the Mni Wiconi Rural Water System. This appropriation completed the state's cost share commitment to the project.
- WR/LJ secured an \$8.0 million Drinking Water State Revolving Fund Program loan to advance construction of the initial phase of the North Core Pipeline in 2006. Construction was initiated and nearly completed in 2006, conveying water from the water treatment plant located near Ft. Pierre to just west of Hayes. The North Core Pipeline construction allowed the system to hook up over 100 rural residences along the way.
- WR/LJ has constructed more than 70 percent of its system. WR/LJ continues to add distribution pipelines and plans to continue construction on the North Core Pipeline. The Oglala Sioux Tribe agreed to allow WR/LJ to build approximately 70 miles of pipeline from Ft. Pierre to Kadoka. The initial 16 miles of the north loop construction was completed in 2006 to a point just west of Hayes. This main transmission pipeline will be the main feed for distribution pipelines that provide water to the rural areas around Midland and Philip.

#### **Perkins County Rural Water System – 2004**

- The Perkins County RWS will provide quality drinking water to the communities of Lemmon, Bison, and Lodgepole. Additionally, the system will provide 185 rural users with domestic and livestock water. The project was originally placed on the State Water Resources Management System list in 1993.

- The State Legislature provided \$50,000 per year in 1993 and 1994 to assist the project with its initial feasibility study and federal authorization. In 1994, a feasibility study was completed and identified hooking up to the Southwest Pipeline Project in North Dakota as the preferred alternative. The Perkins County Rural Water System signed a water service agreement with the North Dakota State Water Commission in May 1996.
- The 1996 State Legislature authorized the construction of the Perkins County RWS project and approved a state cost share commitment of \$1 million. The 1996 Legislature also appropriated \$450,000 of the \$1 million commitment. In 1997, the state Legislature appropriated the remaining \$550,000 for the Perkins County project providing the cost share required by North Dakota to bring water service to the Perkins County area. Perkins County RWS provided \$898,478 of these funds to the North Dakota State Water Commission to make water available at the border. The project was removed in 2000 when the original \$1.0 million state cost share commitment was provided and expended.
- President Clinton signed Public Law 106-136 on December 7, 1999. The federal authorization for construction of the rural water system was originally introduced on August 2, 1996. The legislation provides a 75 percent federal cost share. Federal legislation was reintroduced in 1999. On August 4, 1999, the House Committee on Resources conducted a hearing and amended the preference power language. The amended bill passed the House by unanimous consent on October 26, 1999. The bill, sent to the Senate and on November 22, 1999, also passed by unanimous consent.
- In November 2003, the Board of Water and Natural Resources recommended the return of the Perkins County Rural Water System to the State Water Resources Management System list and recommended revising the state cost share commitment to the project to \$2.5 million in grant and \$4.5 million in loan funding. In 2004, the Perkins County Rural Water System was placed on the SWRMS list, and the state cost share commitment of \$2.5 million in grant and \$4.5 million in loan funding was approved by the Legislature.
- Project sponsors held an official groundbreaking on May 1, 2004, in Hettinger, North Dakota. The project began its South Dakota construction with the Lodgepole area distribution system. Construction activities included distribution lines to provide water to nearly 100 sites, and the construction of the system's main booster pump station near the North Dakota border. Main transmission pipelines toward Lemmon and Bison initiated construction in 2005 and Lemmon began receiving water from the Perkins County Rural Water System in September 2005. Bison began receiving water in 2006. Rural distribution from the main transmission pipelines continued in 2006 with service being provided in the Lemmon and Shadehill service areas.

### **Sioux Falls Flood Control Project – 1989**

- In 1961, the Corps of Engineers completed a channelization, levee, and diversion system to provide 30-year flood protection on the Big Sioux River and 20-year flood protection on Skunk Creek.
- The Corps of Engineers completed a feasibility study in 1993 that recommended upgrading the existing protection system to provide Sioux Falls with 100-year flood

protection on the Big Sioux River and Skunk Creek. Project upgrades include raising the levees above and along the diversion channel, modifying the spillway chute, replacing the stilling basin, and modifying some bridges.

- The 1992 State Legislature authorized project construction and a state cost share commitment of \$4.55 million. Federal authorization was completed as part of the 1996 Water Resources Development Act on October 12, 1996 (Public Law 104-303). The Act authorizes a \$34.6 million construction project under the Corps of Engineers.
- In 1999, a \$2.2 million federal appropriation was provided to the Corps of Engineers. A Project Cooperation Agreement between the Department of the Army and the city of Sioux Falls for final design work was executed.
- Construction of Phase 1A of the Big Sioux River/Skunk Creek Flood Control Project was completed in 2001, and addressed the spillway and stilling basin area at the outfall of the diversion channel. Later that year bids were accepted on Phase 1B of the project addressing the levies adjacent to Morrell's downstream to Cliff Avenue.
- Sioux Falls continues to work with the Corps of Engineers on final design and construction of the project. State assistance totals \$2.9 million to date. Sioux Falls continues to secure required easements and properties for the project.

### **Slip-Up Creek – 1981**

- This project includes a dam, reservoir, and pumping plant on Slip-Up Creek, a pumping plant on the Big Sioux River, and pipelines connecting the river pumping plant to the reservoir and the city's water treatment plant. The project proposes to store Big Sioux River water for municipal use by Sioux Falls and for recreation and fish and wildlife activities. No activity took place on the project in 2006.

### **Southern Black Hills Water System – 2006**

- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to its list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun under the Black Hills Hydrology and Water Management Study (page 19).
- The project objective is to construct a rural regional water system in southern Pennington, Custer, and portions of Fall River counties capable of delivering quality drinking water to rural residents and area communities. Communities involved include Custer, Edgemont, Hermosa, Hill City, Hot Springs, Keystone, and Pringle.

## Vermillion Basin Flood Control Project – 1987

- The project objective is to address the severe flooding problems in the Vermillion River Basin. The basin covers 2,697 square miles in parts of 14 counties and is about 150 miles long with an average width of about 20 miles.
- In 1993, the Corps of Engineers completed The *Vermillion Basin Flood Control Reconnaissance Report* but failed to identify a feasible federal project. The project sponsors re-evaluated project alternatives for nonfederal development. Local project sponsors submitted a pre-application notification for a Federal Emergency Management Agency (FEMA) Hazard Mitigation grant for a *Feasibility Study of Flood Control Alternatives* for the basin. In 1994, more than 70 technical experts met to develop a multi-objective plan to reduce flooding impacts in the Vermillion River Basin. The National Park Service compiled the group's issues and suggestions and formulated the multi-objective plan.
- The Vermillion River Watershed Authority was incorporated in December 1997 and is comprised of representatives from the Clay, Miner, Turner, McCook, and Lake county commissions.
- The Vermillion River Watershed Authority proposed to use FEMA Hazard Mitigation grant funds to widen the channel at the outlet of Lake Thompson and construct a control structure to retain the natural outlet elevation, channel maintenance along 19 miles of the Vermillion River and its tributaries, and wetland restoration and development throughout the basin. The cost benefit ratio for the outlet of Lake Thompson was found to be in error. The ratio was actually less than one; consequently, all FEMA Hazard Mitigation funds were withdrawn. The Authority has withdrawn its request to set the outlet elevation on Lake Thompson and has moved to dissolve after financial records are completed. No activity occurred on the project in 2006.

## Recommendations to the Governor and State Legislature

In November 2006, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2006-88 recommending that all the projects be retained on the SWRMS list and Resolution #2006-89 providing its funding recommendations to the Governor and the Legislature for Water and Environment Fund, SRF Subfunds, and Environment and Natural Resources Fee Fund fiscal year 2008 expenditure authorization levels. A summary of the board's recommendations is provided below (Table 12).

The board also adopted Resolution #2006-90 recommending to the Governor and the Legislature that the South Dakota state cost share authorized for the Lewis & Clark Rural Water System be increased from \$18,585,540 to \$19,685,000 to provide additional water supplies to South Dakota member systems. Full resolutions are in Appendix B.

Table 12

### 2008 Board of Water and Natural Resources Funding Recommendations

<b>WATER AND ENVIRONMENT FUND</b>	
James River Restoration Project	\$ 40,000
Lewis and Clark Rural Water System	2,500,000
Perkins County Rural Water System (grant and loan)	2,000,000
Southern Black Hills Water System	<u>625,000</u>
SWRMS Total	\$ 5,165,000
Consolidated Water Facilities Construction Program	\$ 4,000,000
Regional Landfill Construction Assistance	\$ 1,250,000
Solid Waste Management Program	\$ 1,000,000
Rapid City Area Regional Water/Sewer Planning Study	\$ 100,000
<b>SRF SUBFUNDS AND ENVIRONMENT AND NATURAL RESOURCES FEE FUND</b>	
Clean Water State Revolving Fund (SRF) Admin Surcharge Fees	
Water Quality Grants	\$ 400,000
SRF Application and Administration Assistance	\$ 150,000
Drinking Water SRF Set-Asides and Admin Surcharge Fees	
Small System Technical Assistance	\$ 160,000
SRF Application and Administration Assistance	\$ 150,000
Environment and Natural Resources Fee Fund	
Total Maximum Daily Load Determinations	\$ 150,000

# APPENDIX A

WATER AND ENVIRONMENT FUND

SPECIAL CONDITION STATEMENT

**WATER AND ENVIRONMENT FUND**  
**Special Condition Statement**  
**As of 7-1-06**

<b>Cash Balance from MSA - 6-30-06</b>	<b>\$14,190,197</b>
<b>Projected FY2007 Revenues</b>	
Capital Construction Fund	\$6,500,000
Contractor's Excise Tax	\$500,000
Investment Interest (Earned '06 deposited '07)	\$400,000
Loan Principal & Interest Payments (Water)	\$50,000
Loan Principal & Interest Payments (SW)	\$250,000
Solid Waste Fees	\$1,500,000
<b>Subtotal</b>	<b>\$9,200,000</b>
<b>Projected FY2007 Expenditures (Authorized in General Bill)</b>	
Administrative Fee Fund	(\$400,000)
<b>Subtotal</b>	<b>(\$400,000)</b>
<b>Revenues Less Expenditures</b>	<b>\$8,800,000</b>
<b>Projected Fund Balance Available for Expenditure</b>	<b>\$22,990,197</b>
<b>Obligations (Signed contract by 7/1)</b>	
Consolidated	(\$9,816,418)
Solid Waste & RLA Grants/Loans	(\$2,432,398)
SWRMS Grants/Loans - Major Projects	
James River WDD	(\$308,777)
LA-Wagner	(\$15,825)
Lewis & Clark RWS	(\$4,201,535)
Perkins County RWS	(\$1,309,292)
Sioux Falls Flood Control	(\$1,757,466)
Southern Black Hills Water System	(\$60,127)
TMDL Assessment WEF ('03 Omnibus)	(\$15,551)
<b>Subtotal</b>	<b>(\$19,917,391)</b>
<b>Project Expenditures Authorized by the Legislature - No agreement signed</b>	
Black Hills Regional Water ('05 Omnibus)	(\$50,000)
Lake Andes-Wagner ('03 Omnibus)	(\$27,000)
<b>Subtotal</b>	<b>(\$77,000)</b>
<b>Program Expenditures Authorized by the Legislature - No agreement signed</b>	
Consolidated Program Authority (Prior Year)	\$0
Solid Waste Program Authority - ('06 Omnibus)	(\$672,388)
	<b>(\$672,388)</b>
<b>Projected Surplus/(Deficit) Funds Available (as of 6/30/07)</b>	<b>\$2,323,418</b>

# APPENDIX B

BOARD OF WATER AND NATURAL RESOURCES

RESOLUTIONS

STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION # 2006-88

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR THE BOARD OF WATER AND NATURAL RESOURCES RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.

WHEREAS, SDCL 46A-1-2 provides for the planning, funding and construction of state water plan and creates a State Water Resources Management System component and a State Water Facilities Plan component of the State Water Plan; and,

WHEREAS, SDCL 46A-1-2.1 designates the water resources projects included on the State Water Resources Management System component of the State Water Plan that serve as the preferred, priority objectives of the State; and,

WHEREAS, pursuant to the authority provided in SDCL 46A-1-10, the Board of Water and Natural Resources (the Board) annually provides recommendations to the Governor and the State Legislature regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and,

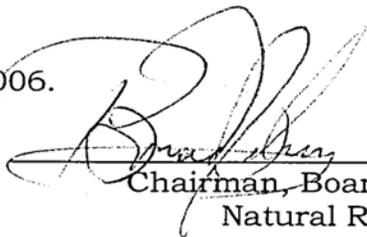
WHEREAS, the Board has reviewed the list of projects currently included on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the applications submitted from various South Dakota water resource projects for inclusion onto the State Water Plan.

NOW THEREFORE BE IT RESOLVED, that the Board recommends to the Governor and the State Legislature that all water resource projects currently on the State Water Resources Management System be retained as preferred, priority objectives of the State.

Dated this 2<sup>nd</sup> day of November, 2006.

BY: \_\_\_\_\_



Chairman, Board of Water and  
Natural Resources

(SEAL)

ATTEST:

BY: \_\_\_\_\_



Secretary, Board of Water and  
Natural Resources

STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION # 2006 - 89

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR THE BOARD OF WATER AND NATURAL RESOURCES RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2008 EXPENDITURE AUTHORIZATION LEVELS.

WHEREAS, SDCL 46A-1-2 provides for the planning, funding and construction of state water plan and creates a State Water Resources Management System component and a State Water Facilities Plan component of the State Water Plan; and,

WHEREAS, pursuant to the authority provided in SDCL 46A-1-10, the Board of Water and Natural Resources (the Board) annually provides recommendations to the Governor and the State Legislature regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and,

WHEREAS, pursuant to the authority provided in SDCL 46A-1-7, the Board is responsible for approving all projects placed onto the State Water Facilities Plan component of the State Water Plan, an annual listing of potential water related projects; and,

WHEREAS, pursuant to the authority provided in SDCL 46A-1-12 and 46A-1-13, the Board may recommend state funding levels to the Governor and the State Legislature; and,

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Resources Management System component of the State Water Plan; and,

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Facilities Plan component of the State Water Plan; and,

WHEREAS, the Board has reviewed potential funding needs of solid waste disposal, recycling, waste tire, and regional landfill projects that may require funding from fees deposited in the Water and Environment Fund; and,

WHEREAS, the Board has reviewed potential funding and technical assistance needs of projects that may require funding from the Clean Water State Revolving Fund Administrative Surcharge, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in Water and Environment Fund Subfunds; and,

WHEREAS, the Board has reviewed the need of waterbodies needing to complete Total Maximum Daily Load limit determinations as required pursuant to the 2006 South Dakota 303(d) waterbody list developed pursuant to the federal Clean Water Act § 303(d) as amended to January 1, 2007; and,

WHEREAS, the Board conducted a public hearing and adopted an Intended Use Plan that includes projects that require funding from the Clean Water State Revolving Fund Administrative Surcharge, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in Water and Environment Fund Subfunds; and,

WHEREAS, the Board conducted a public meeting on November 2, 2006, to take statements from all interested parties regarding water development and solid waste funding needs.

NOW THEREFORE BE IT RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2008 appropriation level of four million dollars (\$4,000,000) for the Consolidated Water Facilities Construction Program; and,

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the following Water and Environment Fund fiscal year 2008 line-item appropriation levels for projects on the State Water Resources Management System:

James River Improvement Program	\$ 40,000
Lewis and Clark RWS	\$ 2,500,000
Perkins County RWS	\$ 2,000,000
Southern Black Hills RWS	<u>\$ 625,000</u>
SWRMS Total	\$ 5,165,000.

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2008 appropriation level of one million two hundred fifty thousand dollars (\$1,250,000) for continued funding of construction, enlarging, and upgrading of Regional Landfills: and,

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2008 appropriation level of one million dollars (\$1,000,000) for the Solid Waste Management Program.

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2008 appropriation level of one hundred thousand dollars (\$100,000) for a feasibility study for developing regional water and sewer infrastructure in the Rapid City area to include portions of Meade County and Pennington County.



STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION # 2006- 90

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR THE BOARD OF WATER AND NATURAL RESOURCES RECOMMENDATION FOR AMENDING THE STATE COST SHARE COMMITMENT FOR THE LEWIS & CLARK RURAL WATER SYSTEM.

WHEREAS, the Board of Water and Natural Resources (the Board) pursuant to SDCL 46A-1-13 presents the Governor and Legislature with findings of benefit, costs, cost-sharing, and other pertinent factors on water facilities authorized by the Legislature for construction; and

WHEREAS, the Lewis & Clark Rural Water System was authorized as a state preferred, priority objective and placed on the State Water Resources Management System list by the Legislature in 1993; and

WHEREAS, the original state authorization provided for a state cost share commitment amount to be negotiated by the Governor but in an amount not to exceed 50 percent of the nonfederal cost share requirements for the South Dakota project features; and

WHEREAS, the Governor negotiated and the 2001 Legislature approved an amendment to the Lewis & Clark Rural Water System authorization establishing a South Dakota state cost share commitment of \$18,585,540 based on the final federal project authorization; and

WHEREAS, after the South Dakota cost share commitment was established an opportunity to secure additional water supplies for South Dakota systems resulted from the withdrawal of several Iowa members; and

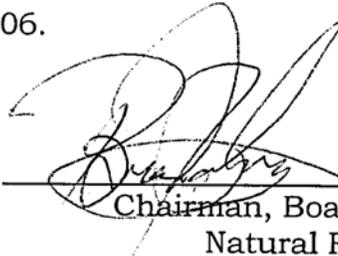
WHEREAS, the Lewis & Clark Rural Water System has requested, on behalf of its South Dakota member systems, that additional state cost share be secured to help South Dakota members finance this additional water.

NOW THEREFORE BE IT RESOLVED, the Board recommends to the Governor and the State Legislature that an additional one million ninety-nine thousand four hundred sixty dollars (\$1,099,460) in state cost share assistance be committed to the Lewis & Clark Rural Water System and SDCL 46A-1-13.10 be amended to identify up to nineteen million six hundred eighty-

five thousand dollars (\$19,685,000) of grant assistance be provided as a portion of the required nonfederal cost share for the project as identified in the September 1993 Feasibility Level Evaluation of a Missouri River Regional Water Supply for South Dakota, Iowa and Minnesota.

Dated this 2<sup>nd</sup> day of November, 2006.

BY: \_\_\_\_\_

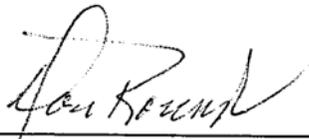


Chairman, Board of Water and  
Natural Resources

(SEAL)

ATTEST:

BY: \_\_\_\_\_



Secretary, Board of Water and  
Natural Resources :

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